

FISCAL IMPACT STATEMENT ON BILL NO. **H. 4489**

(Doc. No. Unknown)

TO:	The Honorable Ronald P. Townsend, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney		
DATE:	February 13, 2006	SBD:	2006091

AUTHOR:	Representative Townsend	PRIMARY CODE CITE:	59-62-10
SUBJECT:	Public School Enrollment Choice Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill, including all amendments, establishes a public school enrollment choice program which allows parents to apply to enroll their children in schools other than those in their attendance zone and provides for the process by which applications are accepted and evaluated.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of this Bill. A synopsis of the impact associated with each section is summarized as follows.

Sections 59-62-30 and 59-62-40 establish the process by which school districts will receive and process applications for enrollment. The Department of Education estimates that school districts will require 1.00 FTE per district to implement the provisions of these sections at a cost of \$42,688 per district for salary and fringe. The total impact to school districts would be approximately \$3,628,538 per year, which could be funded at the General Assembly's discretion with the state General Fund, Education Improvement Act funds, local funds, or a combination of these funds.

Section 59-62-80 (B) requires that districts receive 100 percent of the base student cost from the state for students enrolled in schools outside their district of residence. Using the FY07 projected base student cost of \$2,367 and an average student weighting of 1.26, the state would pay an additional \$895 per nonresident student. Although the exact number of students who would exercise this option is unknown, there would be a fiscal impact to the General Fund of the State of approximately \$6,041,521 for every one percent of the student population enrolled in a school outside their district of residence. As Section 69-62-50 (B)(1) allows districts to cap their acceptance of nonresident students at 3%, only 20,000 students would participate in the program at any given time.

Depending on the method of implementation, the current EFA computer program and SASI program may need to be reprogrammed. The Department could require \$36,400 in non-recurring funds for a consultant to perform the reprogramming tasks. In addition, section 59-62-50 (H) directs the State Board of Education to develop a policy defining school capacity. Travel costs associated with this section are estimated to be \$5,000 to \$10,000 in nonrecurring funds.

Section 59-62-120 (B) requires that the Department conduct evaluations of school districts who have transferred students in excess of three percent of its highest average daily membership in a year and provide results of these evaluations to the General Assembly. Assuming a maximum daily fixed contract price of \$1,500, the cost to implement this section could range from \$0 - \$127,500 depending on how many of the 85 school districts require an evaluation.

Recapitulation

The first year total cost to implement the provisions of this Bill is estimated to be \$9,716,459 excluding district evaluation costs. Of this amount, \$6,041,521 at least would be from the General Fund of the State. The remaining \$3,674,938 could be funded at the General Assembly's discretion using the General Fund, Education Improvement Act funds, local government funds, or a combination of these funds. Second year costs are estimated at \$9,670,059, excluding district evaluation costs. The maximum cost for evaluations would be \$127,500.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy
Assistant Director, Office of State Budget